

BULLETIN 99-9**SMALL EMPLOYER HEALTH CARE
RISK CONTRACTS**

In the 1999 legislative session, a provision of HB270 extended certain of the requirements of Title 31A, Chapter 30, the Individual and Small Employer Health Insurance Act, to insurers that are providing insurance related to the risk of a small employer for medical, surgical, hospital, or ancillary health care expenses of its employees that are provided as an employee health benefit. The effect of the legislation is that it applies to insurers who are underwriting risk for such expenses on a stop-loss basis. It also applies to the insurance contracts that provide the stop-loss insurance to the small employers.

Accordingly, insurers that underwrite small employer risks related to medical, surgical, hospital or ancillary health care expenses through contracts with small employers in a stop-loss arrangement are advised to become familiar and comply with the following:

- U.C.A. 31A-30-106, premium rating restrictions and disclosure requirements;
- U.C.A. 31A-30-106.5, conversion policy, premiums and rating restrictions;
- U.C.A. 31A-30-106.7, surcharge for groups changing carriers;
- U.C.A. 31A-30-107, renewal, limitations and exclusions;
- U.C.A. 31A-30-108, the eligibility for small employer and individual market;
- U.C.A. 31A-30-111, the limitation on high risk enrollees.

Failure to observe these provisions of the Utah Insurance Code will subject the insurers to investigation by the department to determine whether these statutes have been violated.

If the department establishes that the statutes have been violated, the commissioner may order an insurer to forfeit up to \$5,000 for each violation that is established.

DATED this 14th day of September, 1999

STEWART

Commissioner

MERWIN U.

Insurance

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